

# BRAND EQUITY AND CUSTOMER'S LOYALTY IN HEALTHCARE SETTING: A NARRATIVE REVIEW

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## ABSTRACT

**Background:** The growth of hospitals in the world is getting higher, and over time makes hope for the quality of better health services. Since 2012, in Indonesia, there has been an increase number of hospitals by 5.2%, with the number of hospitals amounting to 2,820 hospitals. The large number of hospitals has made competition between hospitals to attract customers even higher. Hospitals need to think about how to maintain the loyalty of their patients to build hospital's income. One that influences brand loyalty is brand equity from the service provider.

**Research objective:** The purpose of this study is to assess the influence of brand equity on brand loyalty, and assess the values that affect customer loyalty.

**Method:** The research method is a review of narrative literature using a systematic search, including 11 studies.

**Result:** This brand equity was found to have dimensions such as brand loyalty, brand association, brand awareness, brand trust and perceived quality. Patient loyalty can only be achieved by increasing patient satisfaction through good quality services.

**Conclusion:** Only by a good that patient re-visit intention could be build and in the end increase the hospital's revenue.

**Keywords:** brand equity, brand loyalty, customer loyalty, hospital

## ABSTRAK

**Latar belakang:** Pertumbuhan rumah sakit di dunia semakin tinggi, dan seiring dengan waktu membuat harapan terhadap mutu pelayanan kesehatan semakin tinggi. Sejak tahun 2012 sampai dengan saat ini, di Indonesia terdapat peningkatan jumlah rumah sakit sebesar 5,2%, dengan jumlah rumah sakit sebesar 2.820 rumah sakit. Banyaknya jumlah rumah sakit membuat persaingan antar rumah sakit untuk menggaet pelanggan pun semakin tinggi. Rumah sakit perlu memikirkan bagaimana mempertahankan loyalitas dari

pasien mereka untuk membangun pendapatan rumah sakit. Salah satu yang mempengaruhi loyalitas merek adalah ekuitas merek (*brand equity*) dari penyedia layanan.

**Tujuan penelitian:** ini adalah menilai pengaruh ekuitas merek terhadap loyalitas merek, dan menilai nilai-nilai yang mempengaruhi loyalitas pelanggan.

**Metode:** Peninjauan literatur naratif menggunakan pencarian sistematis, dengan menyertakan 11 studi.

**Hasil:** Ekuitas merek ini ditemukan memiliki dimensi seperti loyalitas merek, asosiasi merek, kesadaran merek, kepercayaan merek dan kualitas yang dirasakan. Loyalitas pasien hanya dapat dicapai dengan meningkatkan kepuasan pasien melalui layanan berkualitas baik.

**Kesimpulan:** Hanya dengan kepuasan pasien yang baik, niat kunjungan ulang dapat dibangun dan akhirnya meningkatkan pendapatan rumah sakit

**Kata kunci:** *ekuitas merek, loyalitas merek, loyalitas pelanggan, rumah sakit*

## INTRODUCTION

The growth of hospital increasing within time, and along with technology advances, people expect better health services. During the last 25 years, competition in healthcare has been part of reform in many countries such as United Kingdom, Spain, Australia, New Zealand, France, Belgium, and Germany<sup>1</sup>. According to Indonesian Health Ministry, there has been an increase number of hospitals by 5.2% since the year 2012, with the number of hospitals amounting to 2,820 hospitals<sup>2</sup>. This large number of hospitals also means increasing competition to gain more new patients, and maintain existing patient. The freedom of choice in healthcare, sometimes become a fierce competition between healthcare providers. In this competitive situation, healthcare success result on good technical skill and satisfying customer and encouraging them to return to the practice<sup>3</sup>. Although the appropriateness of competition

in healthcare markets is frequently debated, and often questioned whether healthcare is suitable for a competitive market at all due to its unique characteristics<sup>1</sup>.

Hospital industry offer services to its customers. This services are an intangible product like any other service product, and therefore the designation of brands from service products is very difficult, because the brands of a service product have problems in creating images from something that is not real. In the service industry, the company name is the brand of the company. As Payne said in Muhammad Adam, "service is especially prone to competitive imitation and has a tendency to be short lived". Starting from this situation, having a strong brand for a service industry is very important, because a strong brand really helps convince customers about (uniformity) the quality of services from an institution<sup>4</sup>.

Brand equity means “the total accumulated value or worth of brand the tangible and intangible asset that the brand contributes to its corporate parent, both financially and interest of selling leverage” (Upshaw in Muhammad Adam, 2018). Brand equity can increase or decrease the value of a product or service in the eyes of consumers, because the brand equity can help consumers interpret, process, and store large amounts of information about the product or service promised by the brand.

Brand loyalty is a customer purchasing products and services from the same brand over and over rather than changing to other brands. Brand loyalty consists of a consumer's commitment to repurchase or continue to use one brand. It is more than simply repurchasing. Businesses may provide a customer loyalty programs that keeps customers coming back. Customers enjoy the rewards and perks of being a loyal customer. Brand loyalty is a key factor in terms of customer retention <sup>5</sup>.

According to Clancy and Shulman (1994) research, the focus on creating new customers rather than existing customer retention is a big mistake, because it is only short-term oriented and is what they call "Death-Wish Paradox". The results of their research on a number of product categories indicate that the cost of maintaining a customer now is often only 25% of the cost of getting a new customer<sup>6</sup>. According to Reicheld & Sasser (1990) in Tjiptono (2014), increasing customer retention by 5% can produce long-term profits between 25-95% in a number of industries. Customers who

are truly loyal not only have the potential to become word-of-mouth advertisers, but are also likely to be loyal to the company's product and service portfolio for years <sup>6</sup>.

Many times healthcare personnel only concerned about the services regardless the fulfillment of the patients needs or the quality of service, let alone the branding of healthcare. Whereas, quality service, patient satisfaction, brand equity are the important aspects to build patient loyalty. A number of reviews have examined the brand equity and customer's loyalty in healthcare setting; however there exists no formal literature review regarding brand equity and it's dimension, and customer's loyalty. Therefore, the aim of this narrative review is to determine the inter-relationship of brand equity dimensions and to improve customer's loyalty in healthcare setting.

## **METHODS**

### **Literature Search**

To identify relevant publications, we performed a systematic search by Google scholar, Proquest and Science Direct. We identified eligible articles by searching the data by, using the keyword 'brand equity', 'brand image', 'hospital', 'loyalty'. The research strategy can be found in figure 1. Subsequently, the references of identified articles were manually searched for relevant publications.

### **Study Selection**

After title screening, we examined full text of selected articles that met all of the following inclusion criteria: (1) Primary research (any study design), literature reviews or

systematic reviews categorizing, describing the relationship of brand equity and brand loyalty; (2) intervention studies were included; (3) in hospital or healthcare setting; (4) publications in English or Bahasa Indonesia. Restriction of the search includes the availability of complete articles.

## **RESULTS**

### ***Search***

Our literature search yielded 20,068 citations that were screened for relevance: the title doesn't suit our objectives, duplication and doesn't suit the inclusion criteria (Fig 1), which left 10 articles that were included in the narrative review.

A descriptive and narrative synthesis of the data was undertaken to understand the relationship of brand equity and brand loyalty. Restriction of the search includes the availability of complete and articles.

### ***Classification of Studies***

One of ten studies were a literature review that mention five factors influencing the creation of brand equity with brand loyalty as a factor that contributes to it.

Seven studies were done at the hospital, two at healthcare facilities, and one at a city: all are observational studies that are done by questionnaire reported the relationship between brand loyalty and brand equity. Three studies reported patient loyalty, re-visit intention associated with service quality.

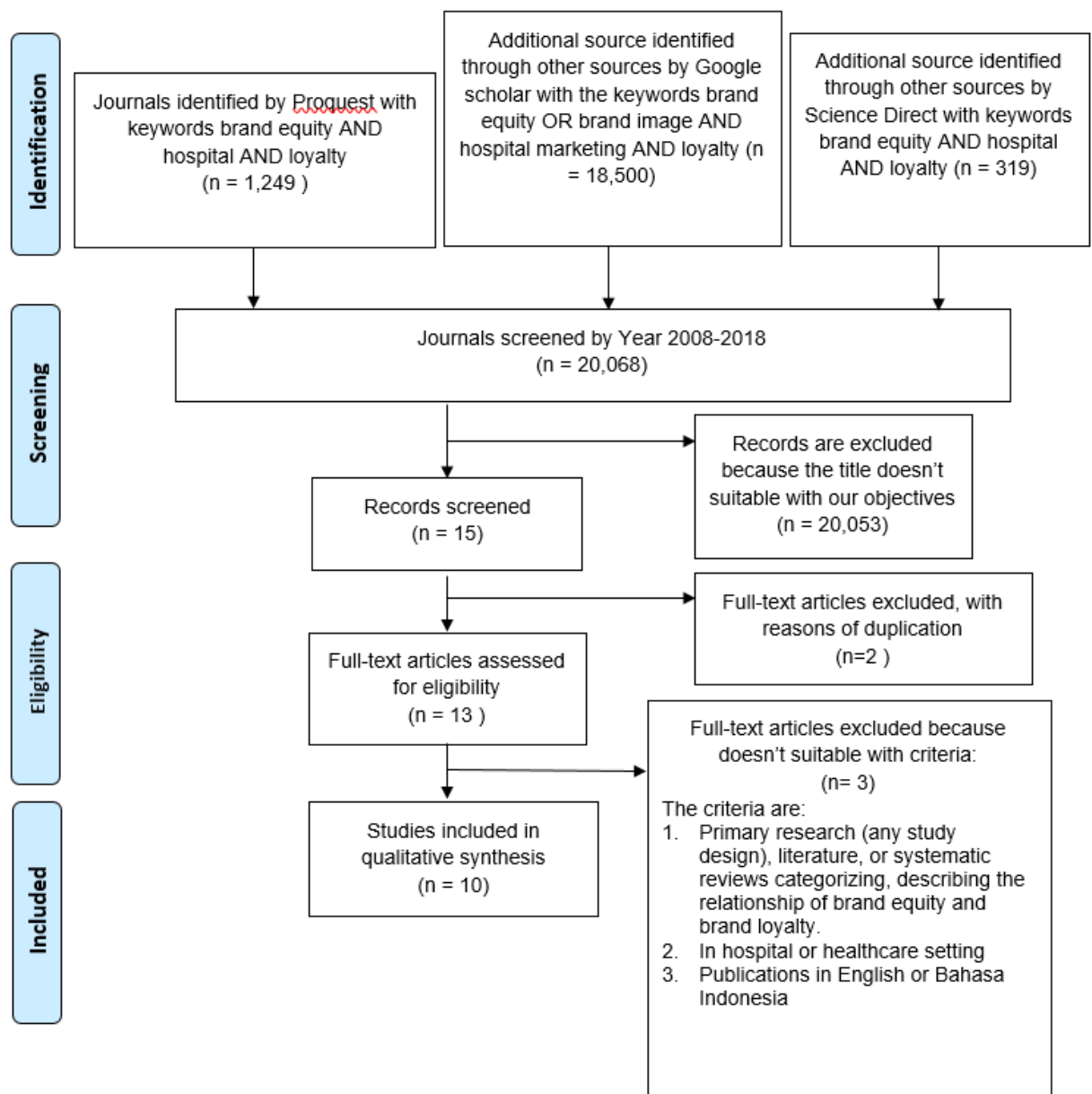


Figure 1. Flowchart of study selection

**Table 1. Details of the studies evaluating the impact of brand equity on loyalty**

Study (Reference)	Study Type	Study Setting	Number of studies	Included study design	Outcome	Conclusion
Literature review						
Vinodhini, Y and Kumar, B	Factors influencing brand equity	Hospital	-	-	-	Five factors that influence the creation of brand equity is trust, satisfaction of customers, relationship commitment, brand loyalty, and brand awareness. Image and positive brand equity created by a good relationship with customers.
Chahal, H and Bala, M	Relationship between brand equity and brand loyalty	Healthcare services	Users of Jammu healthcare services	Observational study	The effect of attitudinal loyalty on brand equity with SRW=0,695, with the consequent effect with SRW=0,906. Attitudinal loyalty has little influence on brand equity (SRW=0.133) in	Brand equity is directly influenced by the behavior of the consumer such as loyalty, and it become indicators of brand equity and vice versa. Brand equity directly affect brand loyalty (both attitudinal

Study (Reference)	Study Type	Study Setting	Number of studies	Included design	study	Outcome	Conclusion
						comparison to behavioral loyalty (SRW=0.502) Brand equity impacts behavioral loyalty (SRW=0.896) more in comparison to attitudinal loyalty (SRW=0.691).	loyalty and behavioral loyalty)
Kumar, R, Dash, S, and Purwar, P	Effect of brand experience on hospital brand equity and the effects of different brand equity dimensions on overall customer-based hospital brand equity	Hospitals	Patients availing or availed of hospital services in two Indian cities (Lucknow and Delhi)	In-depth interview		Brand equity was positively related to brand awareness( $\beta=0,12$ , $p<0,01$ ), brand association ( $\beta=0,12$ , $p<0,01$ ), perceived quality( $\beta=0,08$ , $p<0,01$ ), brand trust( $\beta=0,11$ , $p<0,01$ ), and brand loyalty ( $\beta=0,49$ , $p<0,01$ ).	Focusing on developing and maintaining the determinants of brand equity will aid marketer in positioning their service in the market, and hence influencing the choice behavior. Brand equity is a major influencer in customer's selection process.

Study (Reference)	Study Type	Study Setting	Number of studies	Included study design	Outcome	Conclusion
Wu, C	Relationship among hospital brand image, service quality, patient satisfaction, and loyalty	2 private hospitals	Patients who received treatment from 2 hospitals	Observational study	Hospital brand image has a significantly positive impact on service quality ( $\beta=0,701$ , $p<0,001$ ); hospital brand image positively influences re-visit intention ( $\beta=0,329$ , $p<0,05$ ), and service quality positively associated with patient satisfaction ( $\beta=0,757$ , $p<0,001$ ); patient satisfaction positively influence re-visit intention ( $\beta=0,012$ , $p<0,05$ )	Hospital brand image is indicated as a strong predictor to patient loyalty by increases service quality to enhance patient satisfaction.
Juhana, D, Manik, E, Ferinella C, Sidharta, I	Quality services and brand image on patient satisfaction and patient loyalty	1 public hospital	Revisited adult patients	Observational study	Brand image alone has a small direct effect 0,226% to patient's loyalty, but combination between brand image and patient loyalty have	Service quality and brand image affect patient's satisfaction simultaneously, and lead to patient loyalty.



Study (Reference)	Study Type	Study Setting	Number of studies	Included design	study	Outcome	Conclusion
						direct effect 60,5% to patient satisfaction, and satisfaction leads to loyalty (76,0%)	
Kim, K, Kim, K, Kim, D, Kim, J, Kang, S	Factors influencing the creation of brand equity	Hospitals from five cities, and one province.	Adult patients	Observational study		Trust was found to positively influence brand loyalty ( $\gamma_{11}=0,23$ , $t\text{-value}=2,22$ ) and brand awareness ( $\gamma_{21}=0,19$ , $t\text{-value}=2,26$ ). Customer satisfaction was found to positively influence brand loyalty ( $\gamma_{12}=0,41$ , $t\text{-value}=4,85$ ) and brand awareness ( $\gamma_{22}=0,27$ , $t\text{-value}=3,93$ ). Hospital brand loyalty did not have positive influence on brand equity ( $\beta_{31}=0,15$ , $t\text{-value}=1,71$ )	Customer satisfaction, and relationship commitment had a positive influence on brand loyalty and brand awareness. Brand awareness significantly and positively influenced brand equity, but brand loyalty did not. Brand equity had a significant positive influence on hospital image. Trust, did not have positive customer satisfaction, and relationship commitment also had

Study (Reference)	Study Type	Study Setting	Number of studies	Included study design	Outcome	Conclusion
						a positive influence on hospital image.
Solayappan, A., Jayakrishnan, J.	Relationships of brand with their customers	1 hospital	Patients who stayed at least 4 days	Observational study	Patient satisfaction, patient loyalty, and brand trust have positive impact on brand-customer relationship. Whereas brand loyalty positively influenced by brand preference (B=0,689), patient satisfaction (B=0.411), and brand image (B=0,589). And revisit behavior is influenced by brand loyalty (B=1,007), and brand preference (B=0,323) positively. However brand image has negative influence upon the revisit if the image does not fulfill	Brand preference, patient satisfaction, and brand image contributed the most to brand loyalty. The behavioral intention of the patients is influenced by brand loyalty and brand image. Because of their loyalty, they highly recommend the brand to their friends, relatives, and other also. And when the need arises, they would like to revisit the same branded hospital.

Study (Reference)	Study Type	Study Setting	Number of studies	Included study design	Outcome	Conclusion
					the expect needs of the patient, by -0,624	
Piaralal, S., Tan, M.	Outpatient satisfaction level to the facilities of private healthcare	Private healthcare facilities	Adult-outpatient	Observational study	Perceive quality was the highest contributor to brand equity ( $\beta=0,339$ ), brand image (BI) with $\beta=0,319$ , and brand loyalty of $\beta=0,174$	There are correlations between perceived quality, brand loyalty and brand image to brand equity.
Tiwari, A., Tiwari, A., Yaseen, M.	Contribution of three components (perceived quality, brand loyalty, and brand image) towards brand equity	1 tertiary care super specialty teaching hospital	Adult in-patients or patient's attendant	Observational study	Perceived quality enhances brand equity with scores of all variables (lightning, electricity, sewerage security facility, medicine stock availability, various staff attributes above 0,70; Brand loyalty positively contributes to brand equity by above 0,710; and brand image enhancing brand	Physical aspect, staff attribute, switching aspects, value for money, brand value contributed highly to brand equity of the hospital.

Study (Reference)	Study Type	Study Setting	Number of studies	Included study design	Outcome	Conclusion
					equity with sufficient score of above 0,615	
Chahal, H., Bala, M.	Three significant components of service brand equity – i.e. perceived service quality, brand loyalty, and brand image – and it's relationship among the components and their relationship with brand equity	Jammu City	Adults who received treatment from hospitals and had adequate knowledge about the hospitals being associated with them for at least one year	Observational study	The relationship between components of service brand equity with brand equity: brand loyalty ( $r=0,569$ ), perceived quality ( $r=0,531$ ), and brand image ( $r=0,372$ ) Inter-relationships among brand equity components reveal high and significant relationship between perceived quality and brand image ( $r=0,685$ ), perceived quality and brand loyalty ( $r=0,623$ ), and moderate relationship between brand loyalty and brand image ( $r=0,496$ )	Service brand equity in healthcare sector is greatly influenced by brand loyalty and perceived quality. Brand image only has an indirect effect on service brand equity, that is through brand loyalty as a mediating variable.

## DISCUSSION

### ***Relationship of Brand Equity and Brand Loyalty***

One study from Vinodhini and Kumar was a literature review stated that brand equity is established through brand loyalty, the notoriety of name, perceived quality, brand associations, patents, registered marks, and relation in distribution channel. A high level of brand equity increases customer's satisfaction, repurchasing intent and loyalty. In order to increase hospital marketing, it can no longer depend on mouth to mouth advertising, but hospital must build a strategy for it's marketing through quality of service, enhance customer satisfaction and in the end, increase their revenue <sup>7</sup>. Two of the studies were done at healthcare services, one from Chalal and Bala found that behavioural loyalty as a indicator of brand equity, and it has more influence than attitudinal loyalty (SRW=0,502 vs SRW=0,133), and brand equity as an indicator of behavioural loyalty (SRW=0,896 vs SRW=0.691), and it has more impact than attitudinal loyalty on brand equity<sup>8</sup>. Whereas Piaralal and Mei describe perceive quality as the highest contributor to brand equity ( $\beta = 0,339$ ), followed by brand image ( $\beta = 0,319$ ), and brand loyalty ( $\beta = 0,174$ )<sup>9</sup>. Different than Piaralal, study from Chalal and Bala that conducted at Jammu City found a strong influence of brand image on brand equity ( $\beta = 0,339$ ,  $t = 5,140$ ,  $p = 0,00$ ). Brand image significantly predict brand loyalty ( $\beta = 0,456$ ,  $t = 7,326$ ,  $p = 0,00$ ). And brand loyalty as a partial mediator for brand image and brand equity ( $\beta = 0,515$ ,  $t = 7,952$ ,  $p = 0,00$ )<sup>10</sup>. Six of the studies were done at hospitals, one study from Kim et al at hospitals from five cities, and one province at Korea, found hospital brand loyalty did not have positive

influence on brand equity ( $\beta_1=0,15$ ,  $t\text{-value}=1,71$ ) and trust, relationship to customers must be build to increase brand awareness and brand loyalty, and brand awareness influenced brand equity significantly. <sup>11</sup>. Six sub dimensions under the three components of brand equity (perceived quality, brand loyalty, and brand image) that contributed highly to brand equity, such as physical aspect, staff attribute, switching aspects, loyalty aspects, value for money, brand value was identified by Tiwari that conducted their study at tertiary care super specialty teaching hospital <sup>12</sup>. One study from Kumar also explained the relationship between brand equity and it's dimensions in order: brand loyalty ( $\beta=0,49$ ,  $p=0,01$ ), brand association ( $\beta=0,12$ ,  $p=0,01$ ), brand awareness ( $\beta=0,12$ ,  $p=0,01$ ), brand trust ( $\beta=0,11$ ,  $p=0,01$ ) and perceived quality ( $\beta=0,08$ ,  $p=0,05$ ). Kumar also reported relationships between brand awareness and brand association ( $\beta=0,40$ ,  $p=0,01$ ), brand association and perceived quality ( $\beta=0,37$ ,  $p=0,01$ ), perceived quality and brand trust ( $\beta=0,49$ ,  $p=0,01$ ) and between brand trust and brand loyalty ( $\beta=0,58$ ,  $p=0,01$ ).<sup>13</sup>.

### ***Customer-Brand Relationship***

One study was conducted by Solayappan and Jayakrishnan at one hospital found that brand trust and brand image have a positive impact on patient satisfaction, and that brand preference, patient satisfaction and brand image are the variables influencing brand loyalty by 41,1 % and found to be significant at 1 % level. Brand loyalty, brand image and brand preference influenced revisit-intention by 46,1%. Whereas brand image has negative impact on revisit intention by -0,62 if it does not fulfill the expected needs of the patient<sup>14</sup>.

### Patient Loyalty

One study from Juhana et al at one public hospital at Bandung found that the quality of service and brand image simultaneously significant effect on patient satisfaction to 60,5%, where quality of services both direct and indirectly influence patient satisfaction by 51,3%. And that patient satisfaction influence for 76.1% of patient loyalty <sup>15</sup>. One study from Wu C also found that service quality through patient satisfaction ( $\beta = 0,757$ ,  $p < 0,001$ ) influence re-visit intention ( $\beta = 0,668$ ,  $p < 0,001$ ). Brand image also impact positively on service quality( $\beta = 0,701$ ,  $p < 0,001$ ), and influences re-visit intention ( $\beta = 0,329$ ,  $p < 0,05$ )<sup>16</sup>. This finding also supported by Murti et al, that state behavioural intention can be achieved through patient satisfaction of service quality in health care services <sup>17</sup>.

### CONCLUSION

We confirmed the dimension of brand equity: brand loyalty, brand association, brand awareness, brand trust and perceived quality. And six sub dimensions of brand equity: physical aspect, staff attribute, switching aspects, loyalty aspects, value for money, brand value. Brand loyalty, brand image and brand preference influenced re-visit intention, but brand image only positively impact re-visit intention if the brand fulfill the expected needs of the patient. Healthcare's management must consider not only a good quality healthcare service but also fulfill customer's need of healthcare services, which can build a higher patient satisfaction and loyalty, and increase the healthcare revenue.

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